

Message Text

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ACTION EB-07

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FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC IMMEDIATE 8404

C O N F I D E N T I A L BELGRADE 6733

EXCON

EO 11652: GDS

TAGS: ESTC YO

SUBJ: EXCON MEETING WITH GOY

REF: STATE 248890

SUMMARY: UPON LEARNING THAT SNUDERL WOULD BE AVAILABLE TO CHAIR YUGOSLAV DSB(REFTEL), WE APPROACHED CHAMBER TO SET DATE. CHAMBER OFFICIAL DISCLAIMED KNOWLEDGE SNUDERL DECISION AND SAID CHAMBER PRESIDENT HAD NAMED ANOTHER VICE-PRESIDENT AS CHAIRMAN. YUGOSLAV TACTICS UNDERLIE THEIR STRONG DESIRE TO EP TALKS CONFINED TO NON-GOVERNMENTAL CHAMBER OF ECONOMY, WHILE FROM US POINT OF VIEW, GOVT PARTICIPATION ABSOLUTELY NECESSARY. THIS LATEST MOVE MAY MAKE IT NECESSARY TO ABANDON EFFORTS TO GET GOY PARTICIPATION THROUGH CHAMBER AND GO DIRECTLY TO FOREIGN MINISTRY TO ARRANGE MEETING. WE BELIEVE DIFFICULTIES FACED BY US FIRMS AT PRESENT WOULD BE COMPOUNDED BY ANOTHER INCONCLUSIVE TECHNICAL MEETING. END SUMMARY.

1. WE APPROACHED GOY CHAMBER OF ECONOMY OCT 7 TO SETTLE DATE FOR PROPOSED MEETING. RUPNIK (ASSISTANT SECRETARY) SAID HE HAD NO KNOWLEDGE OF OFFER IN REFTEL AND SAID HE WOULD CONSULT WITH SNUDERL'S OFFICE. KELIC, US DESK OFFICER, FSFA, ALSO DISCLAIMED ANY KNOWLEDGE OF SNUDERL'S DECISION TO CHAIR DELEGATION DURING HONEYWELL-ORGANIZED DINNER THAT EVENING.

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KELIC CLAIMED HE HAD BEEN ILL AND HAD NOT BEEN ABLE TO KEEP

UP WITH MESSAGES GOING OUT OF HIS OFFICE, A STATEMENT WHICH WE FIND SOMEWHAT DISINGENUOUS. ATMOSPHERE AT DINNER, (US AND ITALIAN HONEYWELL OFFICIALS, MANAGERS FROM PROGRES, HONEYWELL'S AGENT, REPRESENTATIVES FROM FSFA, US AND ITALIAN EMBASSIES) WAS POSITIVE WITH HONEYWELL OFFICIALS, PROGRES AND SXFA REPRESENTATIVES EXPRESSING GUARDED OPTIMISM OVER POSSIBILITY OF TALKS, ALTHOUGH KELIC MADE NO COMMITMENT ON SNUDERL'S PARTICIPATION.

2. RUPNIK TOLD EMBOFF MORNING OF OCT 12 (1) THAT DATES OF OCT 25, 26, 27 WERE ACCEPTABLE, AND (2) THAT ILIJA VAKIC, PRESIDENT OF CHAMBER, HAD NAMED CHAMBER VICE PRESIDENT MILORAD STANOJEVIC AS CHIEF OF DELEGATION. IN ENSUING DISCUSSION RUPNIK REFUSED TO SPECULATE ON GOY VOLTE-FACE AND SAID HE WAS MERELY RELAYING DECISION OF HIS SUPERIOR, WHICH HE (RUPNIK) WAS POWERLESS TO MODIFY. EMBOFF TOLD RUPNIK HE WOULD BE BACK IN TOUCH, BUT ALSO TOLD HIM WE WERE DISAPPOINTED WITYSCONFUSING GOY SIGNALS.

3. IT IS OBVIOUS THAT GOY STRATEGY IS TO KEEP ANY NEGOTIATIONS IN THE HANDS OF THE CHAMBER OF ECONOMY. AS LONG AS YUGOSLAVS ASSERT THAT CHAMBER IS NOT RPT NOTIAART OF VOERNMENT, THAT SAME GOVERNMENT WILL NOT BE RESPONSIBLE FOR ANY FUTURE SHORTCOMINGS IN THE CHAMBER'S PERFORMANCE. THEREFORE, WE HAVE CONSISTENTLY HELD THAT THE YUGOSLAV DEL CHAIRMAN MUST BE SOMEONE WITH A POSITION IN THE GOVT IN ORDER TO BIND GOY ITSELF TO THE MAINTENANCE OF ANY EVENTUAL AGREEMENT. BORIS SNUDERL COMBINES A VICE-PRESIDENCY OF THE CHAMBER WITH MEMBERSHIP IN THE ASSEMBLY OF YUGOSLAVIA (PRESIDENT OF THE ASSEMBLY'S BOARD FOR FOREIGN ECONOMIC RELATIONS) AND THUS WOULD SERVE OUR PURPOSES VERY WELL. THERE ARE, OF COURSE, OTHER GOVT MEMBERS WHO WOULD ALSO BE ACCEPTABLE. WE ARE CONVINCED THAT DISCUSSIONS WITHOUT THE CHAIRMANSHIP OF SOME RESPONSIBLE GOVT OFFICIAL WOULD BE NO MORE LASTING THAN THE DECEMBER 1974 TECHNICAL LEVEL TALKS HAVE PROVED TO BE. DECISIONS MADE IN TALKS ON THE TECHNICAL LEVEL WHICH DO NOT BIND GOY WOULD BE SUBJECT TO SO MUCH INTERPRETATION AND BENDING THAT WE BELIEVE NO RPT NO TALKS AT ALL QULD BE BETTER THAN A NON-BINDING TECHNICAL MEETING. (FYI: RECENTLY AMBASSADOR WAS TOLD BY YUGOSLAV BUSINESSMAN THAT CHAMBER CONFIDENTIAL

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ALWAYS TRIES TO KEEP ITS DISTANCE FROM GOVT. COUNSELOR WAS TOLD BY SAME PERSON THAT CHAMBER ALSO TRIES TO AVOID PUTTING PRESSURE ON INDIVIDUAL ENTERPRISES. THUS, IN NEGOTIATING WITH CHAMBER OFFICIAL WHO HAS NO DIRECT LINKS WITH GOVT, WE COULD BE IN NEVER-NEVER LAND, WITH CHAMBER COMMITMENTS BINDING NEITHER GOVT NOR ENTERPRISES, END FYI).

4. OUR APPRAISAL OF CHAMBER STATUS, AND TACTICS IT HAS EMPLOYED, SUGGEST THAT TIME MAY HAVE COME TO ABANDON EFFORTS TO ARRANGE MEETING CHAIRED BY CHAMBER AND INSTEAD GO BACK TO FSFA AND INSIST ON FOREIGN MINISTRY HOSTING MEETING AND CHOOSING APPROPRIATE ASSISTANT SECRETARY (BERNARDIC, VRHUNEC) AS LEADER OF GOY DELEGATION.

5. WE ARE VERY MUCH AWARE OF LZOBLEMS SOME MEMBERS OF INTERAGENCY GROUP ARE HAVING WITH INDUSTRY PRESSURDUM UNHAPPINESS WITH FAILURE OF PROMISED TALKS TO BEGIN IS UNDERSTANDABLE IN CONTEXT INDIVIDUAL FIRM'S INTEREST IN MAINTAINING SALES AND MARKET POSITION. NEVERTHELESS, CLEAR BILATERAL COMMITMENT IS SINE QUA NON OF ANY SYSTEM WHICH WILL ALLOW TRADE TO DEVELOP AND GROW IN ORDERLY MANNER WITHOUT DISRUPTIVE STOPS AND STARTS WHICH HAVE MARKED CURRENT SITUATION.

6. ACTION REQUESTED: AT THEIR DISCRETION WASHINGTON AGENCIES MAY WISH TO BRING PROBLEMS UP WITH YUGOSLAV EMBASSY, STRESSING (1) OUR UNCHANGED COMMITMENT TO BINDING TALKS, (2) OUR PROBLEMS WITH PUZZLING GOY BEHAVIOR AND (3) NECESSITY FOR GOY TO APPOINT DELEGATION LEADER WHO IN POSITION TO INSURE GOVTQAOMMITMENT TO EVENTUAL DECISIONS, AS USG HAS DONE WITH APPOINTMENT OF AMBASSADOR AS DEL CHIEF. WE SEE NO REASON WHY PARA (4) ABOVE SHOULD NOT BE FLOATED WITH THE YUGOSLAV EMBASSY AS EARNEST OF OUR CONTINUING COMMITMENT TO BINDING DISCUSSIONS.
SILBERMAN

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